OVS GROUP

OUTPERFORM

Sector: Consumers

Price: Eu3.15 - **Target: Eu4.00**

FY24 Results in Line with Expectations. Proposed DPS Eu0.11

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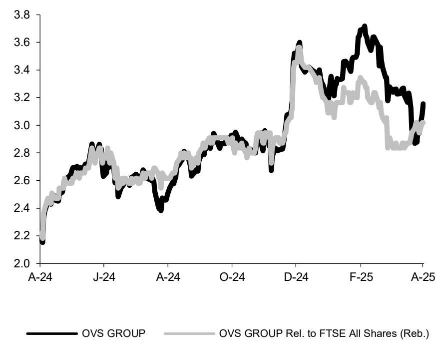
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-5.7%	-11.0%	

OVS GROUP - 12M Performance



Stock Data			
Reuters code:			OVS.MI
Bloomberg code:			OVS IM
Performance	**1M**	**3M**	**12M**
Absolute	-3.8%	-1.7%	42.2%
Relative	3.3%	-2.3%	36.9%
12M (H/L)			3.72/2.15
3M Average Volume (th):			683.38

Shareholder Data	
No. of Ord shares (mn):	291
Total no. of shares (mn):	245
Mkt Cap Ord (Eu mn):	918
Total Mkt Cap (Eu mn):	918
Mkt Float - Ord (Eu mn):	657
Mkt Float (in %):	71.6%
Main Shareholder:	
TIP - Tamburi	28.4%

Balance Sheet Data	
Book Value (Eu mn):	1,127
BVPS (Eu):	4.60
P/BV:	0.7
Net Financial Position (Eu mn):	-91
Enterprise Value (Eu mn):	864

On Tuesday evening at market close OVS reported full FY24 results that were broadly in line with expectations. Preliminary sales figures were released on 11 February, showing +6% YoY growth in FY24 sales thanks to the better performance of the autumn/winter season compared to the already positive spring/summer. Group sales therefore stood at Eu1631.4mn, up 6.2%, with +5.2% YoY growth in 4Q24 bringing the 2H24 performance to c.+9% YoY.

- **Both brands growing.** OVS +6% YoY in the year, Upim confirmed good momentum at +8.1% YoY thanks in part to new openings. Management highlighted the good performance of the women's collections for younger ages (B-Angel) in addition to men's and children's. Beauty again reported double-digit growth.
- **Gross Margin +90bp YoY, EBITDA margin in line despite one-offs.** The gross margin increased to 58.2% from 57.3% last year, while EBITDA increased by c.Eu13mn to Eu195.3mn, a 12% margin on sales, or c.10bp better than last year. The result would have been more positive net of the impact of c.Eu4mn of write-offs on impaired loans and the impact of some R&D tax benefits no longer recognised by the regulations. Net of these items, EBITDA would have been c.Eu199-200mn.
- **FCF on the up.** Op.FCF was up 7% YoY to Eu68.6mn despite the still-high level of investments (CapEx at Eu94.7mn vs. Eu94.4mn in FY23). The NFP stands at Eu148.3mn (Eu145.5mn last year), an NFP/EBITDA ratio of 0.76x (0.8x in FY24). The company proposed a **DPS of Eu0.11** and continuation of the buyback for a further Eu10mn.
- **Constructive outlook.** The company did not provide specific FY25 guidance, but expects to be able to benefit from the current consumer context. 2025 EBITDA and cash flow are expected to improve thanks to the normalisation of weather conditions as well as the development of the offer, while investments are expected to decrease. Supportive current trading: 1Q25 sales (Feb-Apr) are currently in line with the excellent 1Q24 performance, which posted particularly strong YoY trends (1Q24 +4.6% YoY). Acceleration is expected to kick in with better weather in May/June, with the CEO confident of achieving at least Eu30mn more than last year.
- **Change in estimates.** We are trimming our assumptions to factor in some caution in light of the context and the flattish start to the year, which should reverse in 2Q25.
- **OUTPERFORM; target Eu4 (confirmed).** We have always thought that the Group was reacting promptly to current trends and contingent headwinds, gaining traction and market share in an environment that remains uncertain. Visibility on sales growth, margin accretion and prospects are confirmed by the latest results. The stock can also benefit further from continuation of the buyback programme. Target price of Eu4 confirmed, with c.30% potential upside from current levels, which became even more evident after yesterday's unjustified drop following the publication of results. Our current assumptions do not include M&A and network expansion scenarios, which might act as further positive catalysts going forward.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	1,536	1,631	1,697	1,765	1,852
EBITDA Adj (Eu mn)	182	195	206	209	218
Net Profit Adj (Eu mn)	76	78	85	87	93
EPS New Adj (Eu)	0.261	0.318	0.348	0.355	0.378
EPS Old Adj (Eu)	0.261	0.331	0.369	0.399	
DPS (Eu)	0.070	0.085	0.093	0.095	0.101
EV/EBITDA Adj	4.7	4.3	4.2	4.1	3.5
EV/EBIT Adj	7.2	6.5	6.3	6.2	5.1
P/E Adj	12.1	9.9	9.1	8.9	8.3
Div. Yield	2.2%	2.7%	3.0%	3.0%	3.2%
Net Debt/EBITDA Adj	0.8	0.8	0.4	0.2	-0.1

Intermonte

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.
Frequency of research: quarterly.
Reports on all companies listed on the S&PMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.
A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.
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BUY: stock expected to outperform the market by over 25% over a 12 month period;
OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;
NEUTRAL: stock performance expected at between +10% and – 10% compared to the market over a 12 month period;
UNDERPERFORM: stock expected to underperform the market by between –10% and -25% over a 12 month period;
SELL: stock expected to underperform the market by over 25% over a 12 month period.
Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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As of today Intermonte's distribution of stock ratings is as follows:

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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